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The Director of Central Intelligence

Washington, D.C. 20505

Senior Review Panel

NIC-00019-88
25 February 1988MEMORANDUM FOR: Director of Central Intelligence
Deputy Director of Central IntelligenceSUBJECT: Senior Review Panel Comments on Draft
NIE 41-2-86: Japan: Forces for Economic
Change, internally dated 19 February 1988

1. The Panel applauds the well-written analysis of forces for economic change in Japan. We believe this five-year estimate is on target and are particularly impressed with the boxes, graphs, and tables which will help support the analysis.

2. We wonder, however, whether too much attention has been given to the Maekawa Report which in many respects is OBE (as the draft states in paragraphs 13 and 17). The Economist has noted, that Report's role was largely symbolic, and in Japan it is easy to confuse ritual and reality. We are at points confused by terminology; the draft refers to a Commission's report, or the Government's policy, or the Economic Plan (paragraph 24). The last, incidentally, is not identified or spelled out.

3. One additional force for change, which might deserve passing mention is the pressure to open markets from quarters in addition to the US, particularly the EC which registered a trade deficit of almost \$19 billion with Japan in 1987.

4. The draft leaves the accurate impression that there are indeed many forces working against economic change and that the Japanese will move slowly to accommodate to outside demands to open their markets. We believe it could prove useful to bring a discussion of the factors against change together in one section. This would enable at least a few words about the cultural background which resists economic change, aggravates the

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import anorexia, and perpetuates a distinct Japanese style in marketing and packaging.

5. We have one minor editorial comment: the dispute with the USSR over four islands north of Hokkaido relates to what the Japanese term their "Northern Territories" and which the Soviets insist are part of the Kurils. Thus the draft supports the Soviet position by stating the quarrel is over possession of the Kurils.

PP

Courtland D. Perkins

JER

John E. Robertson

Rfw

Richard L. Walker

cc: AC/NIC (Mr. Hutchinson)
VC/NIC (Mr. Gries)
NIO for Economics

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